

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE FEASIBILITY AND)
ADVISABILITY OF KENTUCKY-AMERICAN) CASE NO. 2001-00117
WATER COMPANY'S PROPOSED SOLUTION TO)
ITS WATER SUPPLY DEFICIT)

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO KENTUCKY-AMERICAN WATER COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky-American Water Company ("Kentucky-American") file the original, 3 copies in paper medium and an electronic copy of the following information with the Commission no later than February 14, 2002, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Provide all correspondence between Kentucky-American and the Kentucky River Authority since June 15, 2001 in which improvements to locks and dams

along the Kentucky River or any other issues related to Kentucky-American s withdrawal of water from the Kentucky River are discussed.

2. Provide all correspondence between Kentucky-American and the Lexington-Fayette Urban County Government (LFUCG) since June 15, 2001 in which improvements to locks and dams along the Kentucky River or any other issues related to Kentucky-American s withdrawal of water from the Kentucky River are discussed.

3. Provide all correspondence between Kentucky-American and the Division of Water (DOW) since June 15, 2001 concerning Kentucky-American s withdrawal permit and any other issues related to Kentucky-American s withdrawal of water from the Kentucky River.

4. a. List the date of each meeting since May 31, 2001 held between Kentucky-American and DOW concerning Kentucky-American s withdrawal permit.

b. For each meeting listed, provide the minutes of the meeting and the notes of Kentucky-American s representatives of such meeting.

5. a. What is Kentucky-American s current plan for meeting its expected customer demand in 2020 in the event of a drought of record?

b. Provide all documents, including internal memoranda, electronic mail messages, and correspondence in which Kentucky-American discusses its current plan for meeting expected customer demand in 2020.

6. a. State whether Kentucky-American currently has a written plan to meet its expected customer demands in 2020 in the event of a drought of record using solely improvements to the Kentucky River.

b. (1) If yes, provide this plan.

(2) If no, state why such plan has not be reduced to writing.

7. List and describe the improvements to the Kentucky River that in Kentucky-American s opinion are necessary for the Kentucky River to serve as Kentucky-American s sole source of supply and meet Kentucky-American s expected customer demand in 2020 in the event of a drought of record.

8. For each improvement listed in Kentucky-American s Response to Interrogatory 7,

a. Identify the private entity or governmental agency with the primary responsibility for constructing the improvement.

b. Identify the private entity or governmental agency with the primary responsibility for the immediate financing of the improvement s construction.

c. Identify the local, state or federal governments or governmental agencies that must review or approve the construction of the improvement.

d. State the time period necessary to obtain the necessary regulatory approvals to construct the improvement.

e. State the time period necessary to construct the improvement.

f. Describe Kentucky-American s responsibility for obtaining the financing, regulatory approval and construction of the improvement.

9. For each improvement listed in Kentucky-American s Response to Interrogatory 7, list and describe Kentucky-American s efforts to obtain construction of the improvement.

10. a. State whether the improvements listed in Kentucky-American s Response to Interrogatory 7 will be sufficient to meet Kentucky-American s customer

demand if the needs of other water suppliers and users that withdraw water from the Kentucky River basin are also considered.

b. If the improvements listed in Kentucky-American's Response to Interrogatory 7 are not sufficient to meet Kentucky-American's customer demand if the needs of other water suppliers and users that withdraw water from the Kentucky River basin are also considered, explain why not.

11. Provide all correspondence, internal memoranda, electronic messages and any other documents created since 1996 in which Kentucky-American or its employees or representatives discuss water conservation plans or proposals.

12. a. Provide the model that Kentucky-American used to prepare its demand forecasts in Case No. 93-434.¹ If possible, this model should be in an electronic format that will permit a reviewer to model various assumptions that may differ from those used by Kentucky-American.

b. Identify the computer software used to develop and run the demand forecast model.

c. Identify and describe each change that has been made to the design of the demand-forecast model since 1996.

d. Identify each change in assumptions and modeling inputs that Kentucky-American has made in its demand forecast projections since 1996.

13. State all assumptions that Kentucky-American used to reach the demand projections that were submitted in Case No. 93-434 for the following years:

¹ Case No. 93-434, An Investigation of the Sources of Supply and Future Demand of Kentucky-American Water Company.

- a. 2001;
- b. 2005;
- c. 2010; and,
- d. 2020.

14. Refer to Report to Public Service Commission: Source of Supply and Treatment Status at 12, Table 2.

a. Provide the model that Kentucky-American used to prepare its demand forecasts for each of the years set forth in Table 2. If possible, this model should be in an electronic format that will permit a reviewer to model various assumptions that may differ from those used by Kentucky-American.

b. State all assumptions used to develop the demand projections for each of the years set forth in Table 2. Explain why each assumption is reasonable.

15. Refer to Report to Public Service Commission: Source of Supply and Treatment Status at 10, Table 1.

a. Provide the model that Kentucky-American used to prepare its Drought Average Day Demand forecasts for each of the years set forth in Table 1. If possible, this model should be in an electronic format that will permit a reviewer to model various assumptions that may differ from those used by Kentucky-American.

b. Describe the methodology and state all assumptions used to develop the demand projections for each of the years set forth in Table 1. Explain why each assumption is reasonable.

c. Describe the conservation measures that the model assumes will be in place for the projected periods.

16. Provide a comparison of Kentucky-American's demand projections for each year from 1996 to 2001, as submitted to the Commission in Case No. 93-434, with Kentucky-American's actual demand.

17. Provide all studies that Kentucky-American has relied upon to prepare the demand projections set forth in its Report to Public Service Commission: Source of Supply and Treatment Status. For each study that does not contain the assumptions upon which a demand projection is based, provide those assumptions.

18. a. State whether the demand projections set forth in its Report to Public Service Commission: Source of Supply and Treatment Status reflect the results of the 2000 U.S. Census.

b. If no, state whether Kentucky-American has subsequently revised its demand projections to reflect the results of the 2000 U.S. Census. If a subsequent revision has occurred, provide the revised projections and state how the 2000 U.S. Census results affected the previous projections.

19. Provide all studies regarding future demand that Kentucky-American has prepared, commissioned, participated in or received.

20. Provide all studies regarding the economic effects of water restrictions that Kentucky-American has prepared, commissioned, participated in or received.

21. List Kentucky-American's 10 largest purchasers of water. For each purchaser, state its monthly usage for each month for the period from January 1, 1988 to December 31, 2001.

22. a. Describe Kentucky-American's current policy regarding the acquisition of other water distribution systems.

b. Describe the effect of such acquisitions upon Kentucky-American s projected customer demand.

c. State whether Kentucky-American s acquisition of other water distribution systems has been considered in its demand projections. If yes, describe how such acquisitions have been considered.

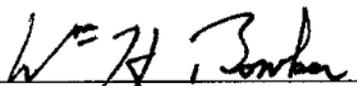
23. Lexington-Fayette Urban County Council Resolution 679-99 established a schedule of improvements to be met by 2002. For each improvement or task listed for this period, describe its present status.

24. Provide each progress report that Kentucky-American has provided LFUCG in accord with Lexington-Fayette Urban County Council Resolution 679-99.

25. a. State whether the Kentucky River Authority (KRA) has updated its model of the Kentucky River to include 1999 data.

b. (1) If yes, provide the updated model.

(2) If no, state when KRA is expected to issue an updated model.



William H. Bowker
Deputy Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

DATED: 2/4/02

cc: Parties of Record